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By David Gram, The Associated Press

Panel Tries to Square Up Teachers Fund

MONTPELIER -- Treasurer Jeb Spaulding is an optimist by nature, and thinks there's still time to save the state teachers' retirement fund from "going off the cliff."

He says changes need to be made now if the fund is to remain solvent and a less than disastrous drain on state resources in the future.

Lawmakers said the treasurer should head a new commission set up to study the retirement fund for Vermont's more than 8,000 public school educators. That panel meets for the first time today.

"There is no silver bullet, but there are a variety of steps that are necessary" to shore up the \$1.5 billion fund, said Spaulding, a Montpelier Democrat.

Although lawmakers and the Douglas administration worked this year to begin closing a projected \$80 million shortfall in the state's Medicaid budget, the shortfall in the teachers' retirement fund has been allowed to grow larger. It was \$87.5 million in fiscal 2002, and grew to \$110.9 million by fiscal 2004.

"Keep in mind that the state has a legal obligation to pay for benefits earned, and underfunding for those benefits now will cost taxpayers big-time in the future," Spaulding said.

This year the state's actuarial consultant said Vermont should put \$47 million into the teachers' pension fund. The Legislature appropriated \$24.4 million. That means the shortfall grew by another \$22.3 million in a year when the state had a surplus.

Spaulding said it was too early for him to issue recommendations; he wants the commission to hold the six meetings it has scheduled between now and Nov. 15. He said he hopes the other members of the panel -- representing teachers, the Douglas administration, school boards' and superintendents' associations -- agree on a plan.

Spaulding said he expects commission members to ask:

Should local school districts begin picking up some of the costs of maintaining the pension fund? The state pays the full bill now.

Should the employees begin to pick up more of the cost?

Should benefits be trimmed? Other questions in this area include whether already promised benefits should be maintained, while lesser promises are made to new hires.